

HICKMAN COUNTY PUBLIC LIBRARY
CENTERVILLE, TENNESSEE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

HICKMAN COUNTY PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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HICKMAN COUNTY PUBLIC LIBRARY
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JUNE 30, 2010

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Tiffany Peters
Paul Aydelott
Mable Scates
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MEMBERS:

AMERICAN INSTITUTE OF C.P.A.'S
TENNESSEE SOCIETY OF C.P.A.'S

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Hickman County Public Library
Centerville, Tennessee

We have audited the accompanying financial statements of Hickman County Public Library (a special revenue fund of Hickman County, Tennessee), as of and for the year ended June 30, 2010, shown on pages 2 through 4, which collectively comprise a portion of the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

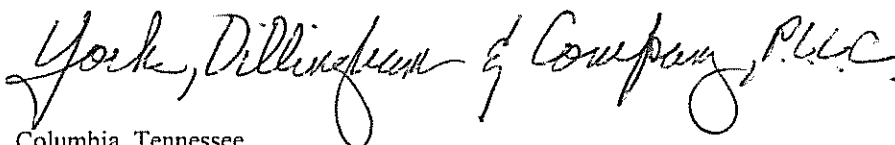
As discussed in Note A, the financial statements present only the special revenue and permanent funds of the Hickman County Public Library and do not purport to, and do not, present fairly the financial position of Hickman County, Tennessee, as of June 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the special revenue and permanent funds of the Hickman County Public Library, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2010 on our consideration of Hickman County Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Hickman County Public Library has not presented the Management's Discussion and Analysis that accounting principles general accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Columbia, Tennessee
September 20, 2010

HICKMAN COUNTY PUBLIC LIBRARY
BALANCE SHEET
JUNE 30, 2010

ASSETS

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Totals Governmental Funds</u>
Current Assets			
Cash and cash equivalents	\$ 273	\$ -	\$ 273
LGIP investment	<u>125,338</u>	<u>-</u>	<u>125,338</u>
Total Current Assets	<u>125,611</u>	<u>-</u>	<u>125,611</u>
Noncurrent Assets			
Certificate of deposit	-	20,691	20,691
Mutual funds	<u>8,811</u>	<u>17,888</u>	<u>26,699</u>
	<u>8,811</u>	<u>38,579</u>	<u>47,390</u>
	<u>\$ 134,422</u>	<u>\$ 38,579</u>	<u>\$ 173,001</u>

LIABILITIES AND FUND BALANCES

Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Designated	\$ -	\$ 38,579	\$ 38,579
Undesignated	<u>134,422</u>	<u>-</u>	<u>134,422</u>
	<u>\$ 134,422</u>	<u>\$ 38,579</u>	<u>\$ 173,001</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue Fund	Permanent Fund	Totals Governmental Funds
Revenues			
County of Hickman	\$ 178,067	\$ -	\$ 178,067
City of Centerville	2,000	-	2,000
Copying fees	3,175	-	3,175
Book sales	1,896	-	1,896
Community room rent	130	-	130
Fines	924	-	924
Interest and dividends	518	1,110	1,628
Memorials and gifts	12,250	-	12,250
Grant funds	19,550	-	19,550
Special programs and art projects	25,219	-	25,219
Net increase in fair value of investments	<u>-</u>	<u>1,813</u>	<u>1,813</u>
	<u>243,729</u>	<u>2,923</u>	<u>246,652</u>
Expenditures			
Automation	2,925	-	2,925
Books and periodicals	9,370	-	9,370
Grant expenses	18,392	-	18,392
Maintenance	2,911	-	2,911
Miscellaneous	607	-	607
Professional fees	3,850	-	3,850
Salaries	123,108	-	123,108
Supplies and equipment	26,594	-	26,594
Postage	2,588	-	2,588
Utilities	23,737	-	23,737
Travel	419	-	419
Special programs and art projects	35,298	-	35,298
Capital expenditure	<u>2,699</u>	<u>-</u>	<u>2,699</u>
	<u>252,498</u>	<u>-</u>	<u>252,498</u>
Excess of revenues over/(under) expenditures	(8,769)	2,923	(5,846)
Transfers In (Out)	1,110	(1,110)	-
Transfers (Out) to County Government	(27,354)	-	(27,354)
Fund Balances, Beginning of Year	<u>169,435</u>	<u>36,766</u>	<u>206,201</u>
Fund Balances, End of Year	<u>\$ 134,422</u>	<u>\$ 38,579</u>	<u>\$ 173,001</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Hickman County Public Library is a separately reported fund of the County of Hickman, Tennessee Government and was created by the County of Hickman under Tennessee Code Annotated 10-3-101 to provide library services to the public.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considered revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

The Library reports the following governmental funds:

Special Revenue Fund - The Special Revenue Fund is an unrestricted fund used to account for specific revenue sources over which the Board of Trustees has discretionary control and is used to carry out the operations of the Library in accordance with its bylaws.

Permanent Fund - The Permanent Fund is a fund that represents resources that are subject to restrictions of gift instruments which require that the principal be invested and that only the income from investments is available for Library expenditures.

Sources of Revenues

The major source of revenue for the Library is from the County of Hickman. Other sources of income consist of interest, fines, memorials and funds from the City of Centerville.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and savings accounts in financial institutions and investments with the State of Tennessee Local Government Investment Pool (LGIP), all with an original maturity of three months or less. All deposits in financial institutions are fully protected by federal depository insurance. Investments in the LGIP are collateralized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Certificates of deposit with a maturity over 90 days are carried at face value and are fully protected by federal depository insurance. The investments of the Library are carried at market value and consist of the special revenue fund in the amount of \$8,811 and the permanent fund in the amount of \$38,579.

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 36,204	\$ 26,699
Certificate of Deposit	20,691	20,691
	<u>\$ 56,895</u>	<u>\$ 47,390</u>

Capital Assets

Capital assets are charged to expense when acquired. Upon purchase, ownership passes automatically to the County of Hickman.

In-Kind Contributions

Physical plant is furnished to the Library by the County of Hickman. No in-kind contribution or related expenditure is recognized by the Library for the use of the facilities.

The employees of the Library participate in the pension plan of the County of Hickman. The employees contribute 5% of their gross wages and the County of Hickman contributes 4.75% of the employees gross wages. No in-kind contribution or related expenditure is recognized by the Library for these payments.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - ECONOMIC DEPENDENCE

The Hickman County Public Library is economically dependent on the appropriations from state and local governments. For the current year, these appropriations represent approximately 73% of total revenues of the governmental fund types.

NOTE C - RISK MANAGEMENT-CLAIMS AND JUDGEMENTS

Significant losses are covered by the County's commercial insurance. There were no settlements in excess of insurance coverage for the current year or the three prior years.

NOTE D - SUBSEQUENT EVENTS/GASB 54

The Library considered events and transactions that occur after the balance sheet, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on September 20, 2010, and subsequent events have been evaluated through that date. Under GASB 54 the Hickman County Public Library will no longer meet the definition of a special revenue fund of Hickman County. While the Statement is not effective until next fiscal year, counties have been instructed by the State to take steps now to implement this new accounting standard, as they prepare next fiscal year's annual operating budget. The County of Hickman passed Resolution No. 10-45 on July 26, 2010 to transfer the Library Fund to the County's General Fund effective June 30, 2010. As of June 30, 2010, the Library had transferred the majority of its operating funds to the County. As of September 20, 2010 there are investment accounts that are still being reviewed by the Library and the County as to whether the funds should be allocated to the County's General Fund or set up as a separate Library Trust Fund.

REQUIRED SUPPLEMENTAL INFORMATION

HICKMAN COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010

	Beginning Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City of Centerville	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
County of Hickman	178,067	178,067	178,067	-
Copying/fax fees	2,500	2,500	3,175	675
Book sales	1,400	1,400	1,896	496
Community room rent	200	200	130	(70)
Fines	800	800	924	124
Memorials and gifts	500	500	12,250	11,750
Interest and dividends	14,000	14,000	518	(13,482)
Grant funds	8,000	15,750	19,550	3,800
Special programs and art projects	<u>23,000</u>	<u>33,000</u>	<u>25,219</u>	<u>(7,781)</u>
	<u>230,467</u>	<u>248,217</u>	<u>243,729</u>	<u>(4,488)</u>
Expenditures				
Automation	3,000	3,000	2,925	75
Books and periodicals	10,000	10,000	9,370	630
Grant expenses	10,067	17,817	18,392	(575)
Maintenance and repairs	3,000	3,000	2,911	89
Miscellaneous	1,000	1,000	607	393
Professional fees	3,800	3,850	3,850	-
Salaries and benefits	148,362	148,362	123,108	25,254
Supplies and equipment	14,000	27,400	26,594	806
Postage	2,200	2,600	2,588	12
Utilities	22,000	22,000	23,737	(1,737)
Travel	500	500	419	81
Special programs and art projects	19,000	36,000	35,298	702
Capital Expenditures - Equipment	<u>5,000</u>	<u>5,000</u>	<u>2,699</u>	<u>2,301</u>
	<u>241,929</u>	<u>280,529</u>	<u>252,498</u>	<u>28,031</u>
Excess of revenues (under) expenditures	(11,462)	(32,312)	(8,769)	23,543
Transfers In from permanent fund	-	-	1,110	1,110
Transfers Out to County Government	-	-	(27,354)	(27,354)
Fund Balance, Beginning of Year	<u>169,435</u>	<u>169,435</u>	<u>169,435</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 157,973</u>	<u>\$ 137,123</u>	<u>\$ 134,422</u>	<u>\$ (2,701)</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

Budgets and Budgetary Accounting

The Library's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. The Library Board of Trustees and the County of Hickman formally approves the annual budget at the beginning of the year and subsequently authorizes budget amendments as necessary.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Hickman County Public Library
Centerville, Tennessee

We have audited the accompanying financial statements of Hickman County Public Library (a special revenue fund of Hickman County, Tennessee) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hickman County Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickman County Public Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hickman County Public Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit findings, we identified a certain deficiency in internal control over financial reporting that we consider to be material weakness.

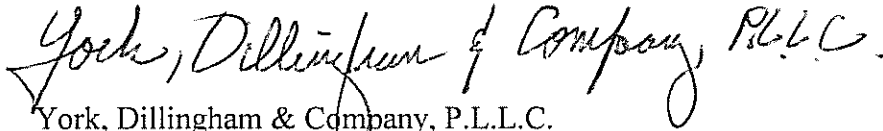
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Hickman County Public Library's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit findings to be material weakness. 2010-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickman County Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees of Hickman County Public Library, the Hickman County Government, and the Comptroller of the Treasury, State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Hickman County Public Library's response to the finding in our audit is described in the accompanying schedule of audit findings. We did not audit Hickman County Public Library's response and, accordingly, we express no opinion on it.


York, Dillingham & Company, P.L.L.C.
Certified Public Accountants

Columbia, Tennessee
September 20, 2010

HICKMAN COUNTY PUBLIC LIBRARY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

2010-1 Checks Signed in Advance

Condition: The Library had instances of checks being signed in advance of their preparation and issuance.

Criteria: Internal controls should be in place that provides reasonable assurance that disbursements have the proper management approval. The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 5, Chapter 19, Section 6, states, "Municipal officials should require two signatures on all checks and should never sign checks in advance of their preparation and issuance."

Effect: Disbursements may be issued that have not been properly approved.

Recommendation: To help prevent unauthorized payments, all checks should be properly prepared before any official presents their signature.

Management's Response: We concur and will make sure all checks are properly prepared before any signatures to verify approval.

HICKMAN COUNTY PUBLIC LIBRARY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Finding 2009-1 Actual Expenditures Exceed the Budget for the prior year has been corrected.